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Secretariat

Inquiry into Offshore Petroleum and Greenhouse Gas Storage Amendment (Benefit to Australia) Bill 2020

Senate Economics Legislation Committee

Parliament House

CAPITAL HILL ACT 2600

Via e-mail: economics.sen@aph.gov.au

To whom it may concern

Re: Using Australia's oil and gas for Australians

The Australian Workers' Union welcomes the opportunity to make a submission to the Committee on the important issues raised in the Terms of Reference for this inquiry.

The AWU maintains industrial coverage across all aspects of the oil and gas supply chain. The AWU also maintains significant coverage and membership across heavy industrial manufacturing, where baseload electricity power remains one of the largest input costs. This includes the milling and export of steel product, alumina and aluminium, chemicals, fertilisers, fuel refining, and building materials manufacture. From offshore oil and gas, to every oil refinery, as well as Australia's steel and aluminium works where gas is a crucial input, the AWU's members rely on Australia's oil and gas supplies.

Unfortunately, these gas supplies are now largely foreign-owned and are not used to benefit Australia and its workers. Further, the ACCC has effectively approved cartel conduct by some of the world's largest gas companies, by permitting joint export marketing for export projects – resulting in our gas going overseas while Australian consumers fall by the wayside.

The Bill, as currently proposed, amends the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (Cth) (the Act) an object of ensuring 'that the exploitation of these natural resources is for the benefit of the Australian community'. This language differs from that used throughout the act, which focuses on 'exploration and recovery' of petroleum rather than 'exploitation'. The AWU would recommend that this language be aligned to the existing language in the Act.

Alone, this change is unlikely to ensure Australia's significant oil and gas deposits are used for Australia's benefits. In particular, it is unlikely to change the way that the National Offshore Petroleum Titles Administrator (NOPTA) applies the Act – NOPTA would be free to interpret this object to mean that exports are beneficial to the Australian community, leaving the dangerous status quo in place.

However, the proposed Bill has started a much-needed conversation about how Australia's oil and gas deposits should be used to benefit Australians. The AWU has previously fought for greater protections of Australia's fuel security, contributing to the Government's recently announced measures to increase domestic fuel reserves. The attached submission to the Senate Economics References Committee on Australia's oil and gas reserves emphasizes our arguments on the areas where feedback is sought in this consultation.

The AWU recommends that the Federal Government:

- institutes a 'lose-it-or-lose-it' approach to retention leases, to avoid warehousing of offshore petroleum licences
- revises the Australian Domestic Gas Security Mechanism to include a price trigger so that the domestic gas price does not exceed the export price.
- immediately institutes a gas export regime that controls for prospective gas reservation, ahead of working on a broader solution alongside state governments.
- pursues pipeline regulation reform and develops the Australian Gas Hub (as promised in its gas-fired recovery policy proposal in September 2020)
- works with the ACCC to improve competition and transparency for domestic gas contracts and to reduce approved cartel conduct in gas joint marketing ventures.

The AWU would welcome the opportunity to contribute further to the inquiry, including by appearing at hearings later this year.

Kind regards



DANIEL WALTON
National Secretary
Australian Workers' Union

(attachment)